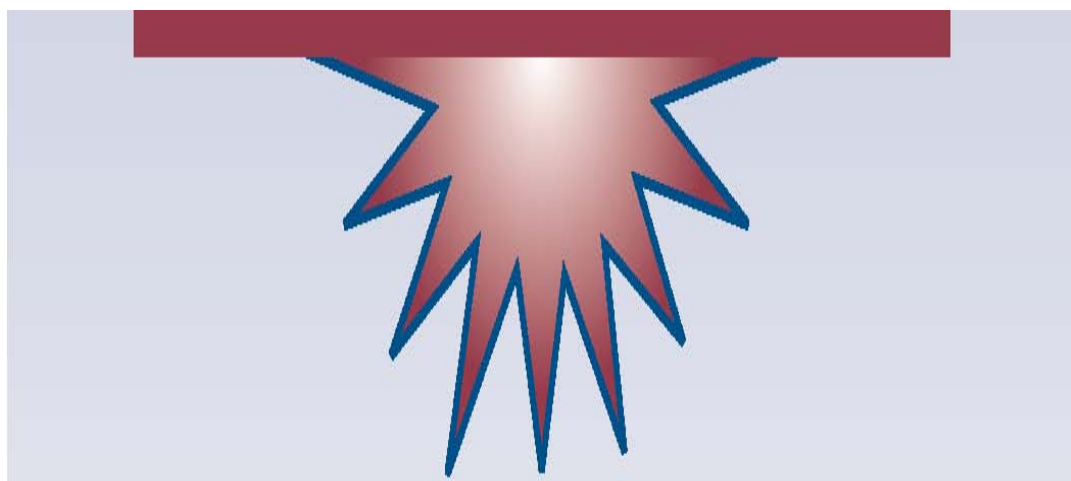




Member Handbook



September 2006

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Welcome!

The Retirement System is one of the most important features of City employment. Since 1931, it has enabled thousands of employees to retire with income security. But the Retirement System is more than just a pension plan. In addition to affording retired members with a monthly income, the Retirement System provides a number of other benefits to City employees:

- **Disability benefits.** If you become disabled before you are eligible to retire, the System ensures a lifetime monthly income.
- **Retiree medical benefits.** In many cases, System-provided medical benefits will continue for you and your spouse and eligible dependent children after you retire.
- **Survivor benefits.** In the event of your death before retirement, the System provides financial protection through lump sum and monthly survivor benefits. There is also a death benefit if you die after your retirement.
- **Loans.** The System even allows you (if you are under age 65 and have three years of membership service) to borrow against your accumulated contributions.

The purpose of this handbook is to help you better understand the benefits the System provides for you. Please read this handbook carefully so that you may take full advantage of the System's many benefits.

The Retirement Office staff is always available to answer any questions you have. If you have a question or you would like additional information about your retirement benefits, please call 513-352-3227 or stop by the office at the following address:

City of Cincinnati Retirement System
801 Plum Street, Room 240
City Hall
Cincinnati, Ohio 45202

A Brief History

The retirement plan for general City employees became effective on August 1, 1931. It was the first retirement plan for general City employees in the State of Ohio and predates the State Public Employees Retirement System by about four years.

Benefits

Originally, the System's retirement plan consisted of a two-part retirement benefit. Each employee provided approximately half of the benefit through contributions deducted from their wages, while the City provided the other half. The City also was to provide both parts (the employee annuity and the City-provided pension portion) for services rendered by an employee before August 1, 1931.

Since the establishment of the System, there have been significant changes in both the amount and value of benefits provided. Adjustments in the schedule of benefits are made by City Council, usually as a result of recommendations of the Board of Trustees.

Board of Trustees

The first members of the Board of Trustees of the Retirement System were:

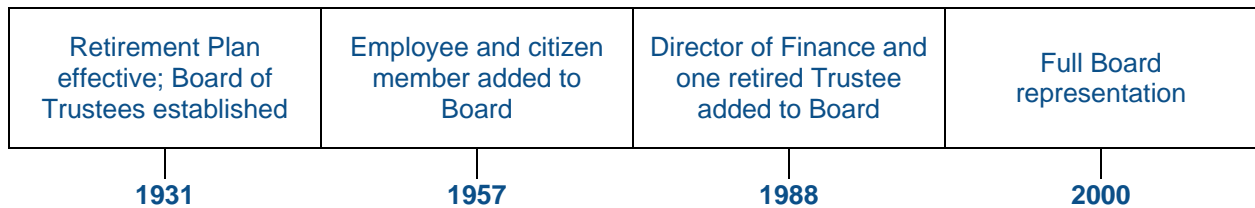
- Mayor Russell Wilson
- Mr. Cecil H. Gamble, Chairman, Civil Service Commission
- Councilman C.O. Rose
- City Manager C.A. Dykstra
- Mr. Edward Rathman, Employee Member
- Mr. Gustav Lorenz, Employee Member
- Mr. Carl A. Rogers, Employee Member
- Mr. Henry Urner, City Auditor and Secretary

In 1957, the City Council enlarged the Board of Trustees by adding an additional employee member and a citizen member, the latter appointed for a two-year term by the Board of Trustees with the consent of City Council.

In 1988, the Council again increased the membership of the Board of Trustees by adding the Director of Finance and one retired trustee.

Today, the Board of Trustees consists of the following members:

- Mayor
- City Manager
- Council Finance Committee Chairperson
- One Civil Service Commissioner
- Director of Finance
- Four employee representatives (elected by employee members)
- One retired representative (elected by retired members)
- One citizen representative (elected by Board members)



The Retirement System-At-A-Glance

Membership in the Retirement System (see pg. 7)	<p>All employees of the city are eligible except:</p> <ul style="list-style-type: none"> ■ Members of the State Police and Firemen's Disability and Pension Fund. ■ Employees who are members of PERS, STRS, or the Public School Employees Retirement System. ■ Employees hired after June 1, 1961, who work in the building crafts. ■ Elected officials. ■ Employees hired after June 30, 1979 as participants in programs under the Comprehensive Employment and Training Act (CETA).
Vesting in Your Benefit (see pg. 7)	You become 100% vested after five years of membership service.
Funding Your Benefit (see pg. 8)	You contribute a percentage of your annual pay to the System and the City contributes the amount necessary to provide benefits to all Retirement System members.
Retiring Under the Plan (see pg. 9)	<p>You can retire:</p> <ul style="list-style-type: none"> ■ At any age as long as you have at least 30 years of membership service. ■ At age 60 if you have at least 5 years of membership service. ■ With a reduced pension at age 55 with 25 years of membership service.
Calculating Your Retirement Benefit (see pg. 9)	Your annual retirement benefit is equal to your service multiplier (either 2.50% or 2.22%) multiplied by your average highest compensation (the average of your highest three consecutive years of compensation) multiplied by your years of membership service at retirement.
Receiving Your Benefit (see pg. 14)	<p>Under the regular benefit, you receive 100% of your unreduced benefit for your lifetime only. Or you can choose from one of the following payment options that pays you a reduced benefit for your lifetime, then pays your beneficiary (optionee) a benefit for the rest of his or her life.</p> <ul style="list-style-type: none"> ■ Option 1 – Joint and 100% Survivor Payment ■ Option 2 – Joint and 50% Survivor Payment ■ Option 3 – 66 2/3% Joint and Survivor Payment ■ Option 4 – 80% Joint and Survivor Payment

Protecting You (or Your Beneficiary) in Case of Disability or Death (see pg. 16)	<p>If you become <i>totally and permanently</i> disabled as a result of an accident:</p> <ul style="list-style-type: none"> ■ While on the job, you will receive a monthly retirement benefit payable for the rest of your life. ■ While you are NOT working, you are eligible to receive a monthly retirement benefit as long as you have completed five or more years of membership service with the City. <p>In most cases, this disability retirement benefit equals 90% of your regular retirement benefit.</p> <p>In the event of your death before retirement, the System provides financial protection through lump sum and monthly survivor benefits. There is also a lump sum death benefit if you die after your retirement.</p>
Borrowing Against Your Contributions (see pg. 19)	<p>You can borrow against your contributions to the System if you:</p> <ul style="list-style-type: none"> ■ Have been a full-time equivalent member of the System for three years. ■ Are under age 65. ■ Are employed on at least a 75% work basis. <p>The maximum amount that you may borrow is the lower of 50% of your accumulated contributions or \$50,000.</p>
Medical Benefits (see pg. 20)	<p>Medical benefits are provided for you and your eligible dependents after you retire if you were hired before January 8, 1997 and:</p> <ul style="list-style-type: none"> ■ You retired with at least 5 years of membership service and were at least age 60, ■ You retired at any age and had 30 years of membership service, ■ You retired with a reduced pension at age 55 with 25 years of membership service, ■ You completed 15 years of membership service with the City and are on deferred retirement, or ■ You retired on disability retirement. <p>If you were hired on or after January 8, 1997, you receive subsidized medical coverage for yourself and your dependents if you have at least 15 years of membership service at retirement. The portion of the benefit paid by the City is based on your age and membership service at retirement.</p>
If you have questions	<p>Contact:</p> <p>City of Cincinnati Retirement System 801 Plum Street City, Hall, Room 240 Cincinnati, Ohio 45202 (513) 352-3227</p>

Participating in the Retirement System

Eligibility

All employees of the City of Cincinnati are eligible for membership in the System with the following exceptions:

- Members of the Ohio State Police and Firemen's Disability and Pension Fund.
- Employees who are members of the Ohio State Public Employees Retirement System, the Ohio State Teachers Retirement System, or the Ohio Public School Employees Retirement System.
- Persons becoming employees after June 1, 1961, who are employed in the building crafts; such as, bricklayer, carpenter, electrician, etc.
- Elected officials.

When Participation Begins

You are enrolled in the plan once you are an eligible employee.

You begin earning membership service on the first day of work and it generally continues until your employment with the City ends. However, you don't earn service credit when you are on a leave of absence, unless you are on military leave and have met any necessary requirements for that leave.

Vesting in Your Benefit

After you begin participating, you must become vested before you are eligible for a monthly retirement benefit from the System. You become vested after you complete five years of membership service with the City.

If you are vested (unless you get a refund), you are entitled to receive a monthly retirement benefit from the plan when you retire – even if you stop working for the City before your retirement.

If you leave the City before you become vested, you do not receive a monthly retirement benefit from the System. However, you are entitled to a refund of your contributions to the plan, plus interest, as provided by the System. For more information on your options, see *If You Leave Your Job with the City Before Retirement* on page 23 of this handbook.

Funding Your Benefit

Your Contributions

Each year you contribute a percentage of your annual pay to the System. The percentage that you contribute is 7%. The percentage is determined by the Board of Trustees and City Council. You will receive an annual statement showing how much you have contributed during the year as well as the total balance in your System account.

You contribute to the plan through payroll deductions. Your contributions to the System are made before federal and state income taxes are deducted, so you pay less in current income taxes. This means you don't pay income tax on the money in the plan until it is paid to you.

City Contributions

The City contributes the amount necessary that, combined with your contributions and the System's investment earnings, provide benefits to all Retirement System members and keep the System on a sound financial basis.

The City's contribution may vary annually, based on the actuarial valuation of the System performed each year by the System's independent actuary. Effective January 1, 2006, the City increased the employer contribution from 11.0% to 17.0% of pay.

Investing the Funds of the System

Investment Managers

Your contributions are invested in the Retirement System Trust, which is managed by professional, independent investment managers designated by the Board of Trustees. These professional investment managers supervise the investment of assets of many private and public pension plans and have large research organizations which study economic trends and other factors affecting security prices.

The Board of Trustees monitors the performance of the investment managers and conducts regular reviews of their performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Objectives

The Board of Trustees has directed that the primary objective in the investment management of Trust assets is to earn a significant real return so as to maintain or improve the System's strong funded position, reflected in the relationship between pension assets and liabilities.

In addition to the primary investment objectives, the Trust managers also follow these general investment principals:

- Investments are made solely in the interest of participants and beneficiaries of the Trust and for the purpose of providing benefits to members and defraying administrative expenses.
- The investment managers have a duty to invest the Trust with care, skill, prudence, and diligence and to diversify the Trust in order to minimize the risk of large losses.
- Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.
- All investments of the Trust will comply with the City of Cincinnati Municipal Code, Section 203-65, Management of Funds, as amended, and also the applicable part of 3907.14 of the State of Ohio Revised Code, as amended.

Retiring Under the Plan

You can retire:

- At any age as long as you have at least 30 years of membership service.
- At age 60 if you have at least 5 years of membership service.
- With a reduced pension at age 55 with 25 years of membership service.

Calculating Your Retirement Benefit

Your retirement benefit is based on your years of membership service at retirement and your average highest compensation (the average of your highest three consecutive years of compensation).

If you retire on or after age 60 or if you have 30 or more years of membership service, your annual retirement benefit is equal to a service multiplier (either 2.22% or 2.50%) of your average highest compensation multiplied by your years of membership service at retirement.

Service Multiplier 2.22% or 2.50%	X	Average Highest Compensation	X	Years of Membership Service
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TERMS TO KNOW

Here are some basic terms to help you understand how your retirement benefit is calculated:

Service Multiplier. The multiplication factor (either 2.50% or 2.22%) used in the formula.

If you were hired on or after July 12, 1998 your retirement benefit will automatically be based on the 2.50% multiplier.

If you were hired prior to July 12, 1998, you were given a one-time irrevocable option in September 1999 to choose the benefit multiplier (either 2.50% or 2.22%) that you wanted to utilize upon your retirement. If you did not select either option at that time, your retirement allowance will be automatically based on the 2.50% multiplier.

The formula that uses the 2.22% multiplier includes overtime compensation and the lump-sum payment for unused vacation, unused sick-pay, etc. in the calculation of the average highest compensation. The formula that uses the 2.50% multiplier does not include overtime or the lump-sum payment in the calculation of average highest compensation.

Average Highest Compensation. The average of your highest three consecutive years of compensation (usually your final three years of service).

Years of Membership Service. You can earn membership service credit for each year or partial year in which you work full-time from the date of your enrollment in the Retirement System to the date of your retirement.

Part-time employees receive membership service in proportion to their actual service. In other words, if you work one-half time for a year, you would receive one-half year of membership service for that year.

Let's look at an example that shows how the formula is used to calculate your retirement benefit.

Assume that:

- Your average highest compensation is \$40,000 and
- You have 30 years of service when you retire at any age, and
- Your service multiplier is 2.50%

Using these assumptions, this is how your retirement benefit would be calculated:

Service Multiplier	X	Average Highest Compensation	X	Years of Membership Service	=	Annual Retirement Benefit
2.50%	X	\$40,000	X	30	=	\$30,000

To determine your monthly benefit, divide the annual benefit by 12. For this example, your monthly benefit would be \$2,500 (\$30,000 ÷ 12).

2.50% Multiplier: Estimated Monthly Retirement Benefit

You can also use the following chart to quickly estimate your monthly retirement benefit for the 2.50% multiplier.

ESTIMATED MONTHLY RETIREMENT BENEFIT							
Your Average Highest Compensation	Your Years of Membership Service at Retirement						
	10	15	20	25	30	35	40
\$30,000	\$625.00	\$937.50	\$1,250.00	\$1,562.50	\$1,875.00	\$2,187.50	\$2,250.00
\$31,000	\$645.83	\$968.75	\$1,291.67	\$1,614.58	\$1,937.50	\$2,260.42	\$2,325.00
\$32,000	\$666.67	\$1,000.00	\$1,333.33	\$1,666.67	\$2,000.00	\$2,333.33	\$2,400.00
\$33,000	\$687.50	\$1,031.25	\$1,375.00	\$1,718.75	\$2,062.50	\$2,406.25	\$2,475.00
\$34,000	\$708.33	\$1,062.50	\$1,416.67	\$1,770.83	\$2,125.00	\$2,479.17	\$2,550.00
\$35,000	\$729.17	\$1,093.75	\$1,458.33	\$1,822.92	\$2,187.50	\$2,552.08	\$2,625.00
\$36,000	\$750.00	\$1,125.00	\$1,500.00	\$1,875.00	\$2,250.00	\$2,625.00	\$2,700.00
\$37,000	\$770.83	\$1,156.25	\$1,541.67	\$1,927.08	\$2,312.50	\$2,697.92	\$2,775.00
\$38,000	\$791.67	\$1,187.50	\$1,583.33	\$1,979.17	\$2,375.00	\$2,770.83	\$2,850.00
\$39,000	\$812.50	\$1,218.75	\$1,625.00	\$2,031.25	\$2,437.50	\$2,843.75	\$2,925.00
\$40,000	\$833.33	\$1,250.00	\$1,666.67	\$2,083.33	\$2,500.00	\$2,916.67	\$3,000.00
\$41,000	\$854.17	\$1,281.25	\$1,708.33	\$2,135.42	\$2,562.50	\$2,989.58	\$3,075.00
\$42,000	\$875.00	\$1,312.50	\$1,750.00	\$2,187.50	\$2,625.00	\$3,062.50	\$3,150.00
\$43,000	\$895.83	\$1,343.75	\$1,791.67	\$2,239.58	\$2,687.50	\$3,135.42	\$3,225.00
\$44,000	\$916.67	\$1,375.00	\$1,833.33	\$2,291.67	\$2,750.00	\$3,208.33	\$3,300.00
\$45,000	\$937.50	\$1,406.25	\$1,875.00	\$2,343.75	\$2,812.50	\$3,281.25	\$3,375.00
\$46,000	\$958.33	\$1,437.50	\$1,916.67	\$2,395.83	\$2,875.00	\$3,354.17	\$3,450.00
\$47,000	\$979.17	\$1,468.75	\$1,958.33	\$2,447.92	\$2,937.50	\$3,427.08	\$3,525.00
\$48,000	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$3,000.00	\$3,500.00	\$3,600.00
\$49,000	\$1,020.83	\$1,531.25	\$2,041.67	\$2,552.08	\$3,062.50	\$3,572.92	\$3,675.00
\$50,000	\$1,041.67	\$1,562.50	\$2,083.33	\$2,604.17	\$3,125.00	\$3,645.83	\$3,750.00
\$55,000	\$1,145.83	\$1,718.75	\$2,291.67	\$2,864.58	\$3,347.50	\$4,010.42	\$4,125.00
\$60,000	\$1,250.00	\$1,875.00	\$2,500.00	\$3,125.00	\$3,750.00	\$4,375.00	\$4,500.00
\$65,000	\$1,354.17	\$2,031.25	\$2,708.33	\$3,385.42	\$4,062.50	\$4,739.58	\$4,875.00
\$70,000	\$1,458.33	\$2,187.50	\$2,916.67	\$3,645.83	\$4,375.00	\$5,104.17	\$5,250.00

2.22% Multiplier: Estimated Monthly Retirement Benefit

You can also use the following chart to quickly estimate your monthly retirement benefit for the 2.22% multiplier.

ESTIMATED MONTHLY RETIREMENT BENEFIT							
Your Average Highest Compensation	Your Years of Membership Service at Retirement						
	10	15	20	25	30	35	40
\$30,000	\$555.00	\$832.50	\$1,110.00	\$1,387.50	\$1,665.00	\$1,942.50	\$2,220.00
\$31,000	\$573.50	\$860.25	\$1,147.00	\$1,433.75	\$1,720.50	\$2,007.25	\$2,294.00
\$32,000	\$592.00	\$888.00	\$1,184.00	\$1,480.00	\$1,776.00	\$2,072.00	\$2,368.00
\$33,000	\$610.50	\$915.75	\$1,221.00	\$1,526.25	\$1,831.50	\$2,136.75	\$2,442.00
\$34,000	\$629.00	\$943.50	\$1,258.00	\$1,572.50	\$1,887.00	\$2,201.50	\$2,516.00
\$35,000	\$647.50	\$971.25	\$1,295.00	\$1,618.75	\$1,942.50	\$2,266.25	\$2,590.00
\$36,000	\$666.00	\$999.00	\$1,332.00	\$1,665.00	\$1,998.00	\$2,331.00	\$2,664.00
\$37,000	\$684.50	\$1,026.75	\$1,369.00	\$1,711.25	\$2,053.50	\$2,395.75	\$2,738.00
\$38,000	\$703.00	\$1,054.50	\$1,406.00	\$1,757.50	\$2,109.00	\$2,460.50	\$2,812.00
\$39,000	\$721.50	\$1,082.25	\$1,443.00	\$1,803.75	\$2,164.50	\$2,525.25	\$2,886.00
\$40,000	\$740.00	\$1,110.00	\$1,480.00	\$1,850.00	\$2,220.00	\$2,590.00	\$2,960.00
\$41,000	\$758.50	\$1,137.75	\$1,517.00	\$1,896.25	\$2,275.50	\$2,654.75	\$3,034.00
\$42,000	\$777.00	\$1,165.50	\$1,554.00	\$1,942.50	\$2,331.00	\$2,719.50	\$3,108.00
\$43,000	\$795.50	\$1,193.25	\$1,591.00	\$1,988.75	\$2,386.50	\$2,784.25	\$3,182.00
\$44,000	\$814.00	\$1,221.00	\$1,628.00	\$2,035.00	\$2,442.00	\$2,849.00	\$3,256.00
\$45,000	\$832.50	\$1,248.75	\$1,665.00	\$2,081.25	\$2,497.50	\$2,913.75	\$3,330.00
\$46,000	\$851.00	\$1,276.50	\$1,702.00	\$2,127.50	\$2,553.00	\$2,978.50	\$3,404.00
\$47,000	\$869.50	\$1,304.25	\$1,739.00	\$2,173.75	\$2,608.50	\$3,043.25	\$3,478.00
\$48,000	\$888.00	\$1,332.00	\$1,776.00	\$2,220.00	\$2,664.00	\$3,108.00	\$3,552.00
\$49,000	\$906.50	\$1,359.75	\$1,813.00	\$2,266.25	\$2,719.50	\$3,172.75	\$3,626.00
\$50,000	\$925.00	\$1,387.50	\$1,850.00	\$2,312.50	\$2,775.00	\$3,237.50	\$3,700.00
\$55,000	\$1,017.50	\$1,526.25	\$2,035.00	\$2,543.75	\$3,052.50	\$3,561.25	\$4,070.00
\$60,000	\$1,110.00	\$1,655.00	\$2,220.00	\$2,775.00	\$3,330.00	\$3,885.00	\$4,440.00
\$65,000	\$1,202.50	\$1,803.75	\$2,405.00	\$3,006.25	\$3,607.50	\$4,208.75	\$4,810.00
\$70,000	\$1,295.00	\$1,942.50	\$2,590.00	\$3,237.50	\$3,885.00	\$4,532.50	\$5,180.00

RETIREMENT BENEFIT INCREASES

Each year, you will receive an increase in your retirement benefit. The increase becomes effective on the anniversary of your retirement date. The annual increase is currently 3%, compounded annually.

If You Retire Early. . .

The Retirement System allows you to retire with a full retirement benefit at any age as long as you have at least 30 years of membership service.

You can also retire early with less than 30 years of membership service. If you have at least 25 but less than 30 years of membership service, you can retire as early as age 55, but with a reduced benefit. Your monthly retirement benefit is calculated the same as if you were 60, but your benefit is reduced to take into consideration the longer period of time that you receive your retirement payments.

The following chart shows the percentage of your retirement benefit you would receive if you retire early.

IF YOU RETIRE AT AGE:	% OF RETIREMENT REDUCTION
55	38.14%
56	32.14%
57	25.44%
58	17.94%
59	9.50%
60	0%

This means that if you retire under the 2.50% service multiplier at age 58 with 28 years of membership service and your average highest compensation is \$40,000, your benefit would be calculated like this:

Service Multiplier	X	Average Highest Compensation	X	Years of Membership Service	=	Annual Benefit	X	Reduction Percentage	=	Reduced Benefit
2.5%	X	\$40,000	X	28	=	\$28,000	X	(1-17.94%)	=	\$22,977

Because you retired before completing 30 years of membership service and start your benefits immediately, your annual benefit would be reduced by 17.94% as shown in the chart above. Your annual retirement benefit would then be \$22,977 (\$28,000 x 82.06%). Divide the annual benefit by 12 to find your reduced monthly benefit. For this example, your reduced monthly benefit would be \$1,915 (\$22,977 ÷ 12).

Receiving Your Benefit

TERMS TO KNOW

Optionee: An “optionee” is your spouse or other dependant that you have designated to receive a monthly benefit after your death. These benefits include a monthly pension benefit as well as health care benefits at the same level that you had earned.

Beneficiary: The “beneficiary” is the person(s) that you elect to receive your \$7,500 death benefit. The beneficiary also receives a return of contribution payment in the event that the total contributions you have made to the System exceeds the total pension payments that have been paid to you prior to your death

When you are ready to retire, you can choose how your benefit is paid. The plan offers a variety of payment options that give you the flexibility to select the kind of payments that best fit your circumstances and retirement needs.

Under the regular benefit, you receive 100% of your unreduced benefit during your lifetime only. Or you can choose from one of the following payment options that pays you a reduced benefit for your lifetime, then pays your optionee a benefit for the rest of his or her life. If you are married, you **must** select one of the following four options or your spouse **must** complete a “Spousal Waiver of Joint and Survivor Annuity” to choose the regular benefit.

- **Option 1 – Joint and 100% Survivor Payment.** Under this option, your surviving spouse or optionee receives 100% of the reduced benefit you received for the remainder of his or her lifetime.
- **Option 2 – Joint And 50% Survivor Payment.** If you choose this option, your surviving spouse or optionee receives 50% of the reduced benefit you received for the rest of his or her life.
- **Option 3 – $66\frac{2}{3}\%$ Joint and Survivor Payment.** This option provides your surviving spouse or optionee with $66\frac{2}{3}\%$ of your reduced benefit for the remainder of his or her lifetime. If your spouse or optionee should die before you, you would receive $66\frac{2}{3}\%$ of the reduced benefit for the remainder of your life.
- **Option 4 – 80% Joint And Survivor Payment.** Choosing this option provides your surviving spouse or optionee with 80% of your reduced benefit for the remainder of his or her lifetime. If your spouse or optionee should die before you, you would receive 80% of the reduced benefit for the remainder of your life.

Under Options 1 and 2, the death of your spouse or optionee does not affect your benefit. Under Options 3 and 4, the death of your spouse or optionee affects your benefit.

Let’s look at how these payment options work.

Suppose you retire at age 60 with a retirement benefit of \$500 per month and have a spouse age 55. This next chart shows how choosing the different payment options would affect your monthly retirement benefit and survivor benefits:

OPTION	YOUR RETIREMENT BENEFIT...	IF YOU DIE FIRST, YOUR OPTIONEE RECEIVES...	IF YOUR OPTIONEE DIES FIRST, YOU RECEIVE
Regular Benefit	\$500.00	NA	NA
Option 1 – Joint and 100% Survivor Payment	\$396.15 (100%* of benefit after reduction for Option 1)	\$396.15	\$396.15
Option 2 – Joint and 50% Survivor Payment	\$442.05 (100%* of benefit after reduction for Option 2)	\$221.03	\$442.05
Option 3 – 66 2/3 Joint and Survivor Payment	\$442.85 (100%* of benefit after reduction for Option 3)	\$295.23	\$295.23
Option 4 – 80% Joint and Survivor Payment	\$422.90 (100%* of benefit after reduction for Option 4)	\$338.32	\$338.32
*The percentage of reduction varies depending on the option you chose, your age, and your optionee's age at the time of your retirement. These percentages are on file in the Retirement Office for your use.			

DIRECT DEPOSIT
You may have your monthly benefit deposited directly into your checking or savings account. If you would like to take advantage of this convenient service, simply complete a direct deposit form and return it to the Retirement Office.

Your Optionee

Regardless of your age or years of service, it is important that you name a beneficiary to receive your accumulated contributions and retirement benefit from the System in the event of your death. You can obtain a beneficiary designation form by contacting the Retirement Office. On your beneficiary designation form, you name the person(s) you want to receive your benefit in the event of your death. You can change your beneficiary at any time by submitting an updated, notarized beneficiary designation form.

Protecting You (or Your Beneficiary) in Case of Disability or Death

Disability Retirement

If You are Injured on the Job...

If you become *totally and permanently* disabled as a result of an accident while on the job, you will receive a monthly retirement benefit payable for the rest of your life.

If You are Injured outside of Work...

If you become *totally and permanently* disabled as a result of an accident that occurs while you are not working, you are eligible to receive a monthly retirement benefit as long as you have completed five or more years of membership service with the City.

In most cases, this disability retirement benefit equals 90% of your retirement benefit. However, an alternate formula that results in a greater retirement benefit than that indicated above may be used. Under this alternate formula, your disability retirement benefit is equal to 25% of your average highest compensation.

If you apply for a disability retirement, you will be evaluated by the System's Medical Director who will make a determination as to whether or not your disability is "total and permanent". The Medical Director will present his report to the CRS Board of Trustees, which has final authority for approving or disapproving applications for disability retirements.

For more information about disability retirement benefits, please contact the Retirement Office. Applicants for disability retirement may also be referred to the Americans with Disabilities Act (ADA) Coordinator or the City's Return to Work Coordinator.

Pre-Retirement Survivor Benefits

The Retirement System offers a benefit to your designated beneficiary in the event that you die before you retire. In addition to the benefits described in this section, the System also provides health care coverage for your eligible survivors.

If you die before you retire, your beneficiary receives your accumulated contributions to the System plus 2% interest. Additionally, if you had at least 18 months of membership service at the time of your death, your beneficiary also receives:

- A lump sum survivor benefit equal to half of your pay earned in the 12 months before your death and
- Monthly survivor benefits according to the following chart (this monthly benefit receives a cost of living increase each year):

SURVIVORS	MONTHLY BENEFITS
Unmarried widow or widower and one unmarried child under 18	\$463.50
Unmarried widow or widower and two or more unmarried children under 18	\$628.30
Widow or widower at age 50 (if spouse had 15 or more years of membership service)	\$231.75
Widow or widower at age 62 (if spouse had less than 15 years of membership service)	\$231.75
One unmarried orphan under 18	\$231.75
Two unmarried orphans under 18	\$463.50
Three or more unmarried orphans under 18	\$628.30
One dependent parent	\$164.80 minimum \$231.75 maximum
Two dependent parents	\$231.75 minimum \$463.50 maximum

Let's look at an example to see how this survivor benefit works:

Let's say that you had 17 years of membership service, your annual salary was \$45,000, and you die before retirement. You are survived by a spouse and one unmarried child under age 18. Your spouse and child would receive:

- Your accumulated contributions to the System plus 2% interest,
- A lump sum benefit equal to half of the pay you earned in the 12 months before your death, and
- A monthly benefit of \$463.50 per month (based on the chart above) until the child reaches age 18.

At age 50, your surviving spouse would receive \$231.75 per month for life.

Pre-Retirement Option Selection

If you are eligible for retirement (that is, you have 30 years of membership service, or you are age 60 and have five years of membership service, or are at least age 55 and have 25 years of membership service) you may elect to choose an option prior to retirement.

By choosing this alternative, your beneficiary will not receive the survivor benefits described above. Instead, if you should die before retiring, your beneficiary will receive ***the same benefit that would have been received had you retired the day before you died (Option 1).***

If you were eligible to retire, no option has been selected, and you are survived by a spouse who was designated as the sole primary beneficiary for the survivor benefit in service, such designated spouse may elect to receive:

- The survivor benefit in service, if eligible, **or**
- Option 1 (Joint and 100% Survivor Payment) retirement benefit which the designated spouse would have received had the member retired the day before death. The \$7,500 retirement death benefit would also be paid under Option 1.

20-Year Option

If you have at least 20 years of membership service, you can select a payment option before you are eligible to retire. If you select an option and then die before you are eligible to retire, your optionee will receive a monthly retirement benefit effective on the date you would have been eligible to retire (age 60 or 30 years of service, whichever comes first.) Your optionee's benefit is based on your retirement formula (2.22% or 2.50% X average highest compensation X years of membership service). Also, health insurance may be provided to your optionee and eligible dependants once the monthly benefits begin. If you choose a twenty-year option, your optionee will not be eligible to receive survivor benefits.

The advantage of selecting an option after twenty years of service is that the value of the retirement benefit that you have accumulated is probably greater than the value of the survivor benefits that are paid in the event of your death before retirement eligibility. The disadvantage is that your optionee would not be entitled to any monthly pension payments from the CRS until you would have been eligible to retire. Thus, your optionee may have to wait as long as ten years before being eligible for a monthly pension benefit.

If you select a twenty-year option, you still would be allowed to select a different payment option at the time you sign up for retirement.

See *Receiving Your Benefit* on page 14 for a description of the payment options available.

If You Die After Retirement

If you die after retirement, your beneficiary receives a death benefit of \$7,500.

If you did not select a joint and survivor benefit payment option, your beneficiary receives the balance, if any, of your accumulated contributions with interest, which you did not receive back in retirement benefit payments.

For example, let's say your monthly retirement benefit is \$1,000, and your accumulated contributions at retirement total \$30,000. If you die after two years, you would have received \$24,000 in retirement benefit payments. Your beneficiary would then receive \$6,000 (\$30,000 - \$24,000). Your beneficiary would also receive the \$7,500 death benefit, but would not receive continuing retirement benefits or retiree medical benefits.

Borrowing Against Your Contributions

If you are under age 65 and have three years of membership service, you can borrow against your contributions to the Retirement System. To qualify for a loan, you must be employed on at least a 75% work basis. The maximum amount that you may borrow is 50% of your accumulated contributions to a maximum of \$50,000. However, if you are approaching age 65, you may have lower borrowing limits. Contact the Retirement Office for more details.

There is no limit on the number of loans that you may take from your account. However, there are certain limitations:

- 50% of your first loan must be repaid before you are eligible to take out a second loan.
- 50% of your second loan must be repaid before a third loan is permitted.
- Your third loan must be *fully* repaid before a fourth loan is permitted.
- The \$50,000 limit is reduced if all loans have not been paid off for at least one year.

The above rules are repeated for any further loans.

Repaying Your Loan

You repay your loan, with interest, through convenient payroll deductions. The interest charged on loans, currently 7.0%, is based on rates determined from time to time by the Board of Trustees.

The maximum repayment period is five years, unless the loan is being used to purchase your primary home. Loans that are used to purchase your primary home cannot exceed fifteen years.

If you die and you have an unpaid loan balance, the loan is repaid by deducting the amount from any survivor benefit. Loan balances in excess of \$2,000 are deducted in all cases. But loan balances less than \$2,000 are subject to the following rules:

IF YOU DIE...	% OF UNPAID BALANCE DEDUCTED FROM SURVIVOR BENEFIT
Within the first 30 days from date of loan	100%
Between the 31st through 59th day from date of loan	75%
Between the 60th through 89th day from date of loan	50%
On or after the 90th day from date of loan	0%

Providing Retiree Medical Benefits

Medical benefits are provided for you and your eligible dependents after you retire if you were hired before January 8, 1997 and:

- You retired with at least 5 years of membership service and were at least age 60,
- You retired at any age and had 30 years of membership service,
- You retired with a reduced pension at age 55 with 25 years of membership service,
- You completed 15 years of membership service with the City and are on deferred retirement, or
- You retired on disability retirement.

If you meet the above requirements, medical benefits are also provided for your spouse and eligible dependents. ***If you do not select a payment option (see page 14), the coverage for your spouse and eligible dependents terminates upon your death.***

Each year, you may change your coverage election during the annual open enrollment period.

Medical Benefits for Service on and after January 1997

For service commencing on and after January 8, 1997 the percentage of cost, or premiums, to be paid by the Retirement System on your behalf is based on a formula consisting of a combination of the number of full years of membership service credit and age at termination date. Each full year of membership service credit and each year of age at termination date count as one point. For the purposes of this formula, “years of age at termination” means age at the birthday immediately preceding the date you terminated employment or retire, whichever comes first.

Add the number of your full years of membership service to your age at termination to find your total number of points:

Full Years of Membership Service	+	Age at Termination	=	Points
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Your point total corresponds to the percentage of hospital, surgical and medical insurance coverage available to you as shown in this table:

YOUR TOTAL POINTS	PERCENTAGE OF COVERAGE
90 points	100% of full cost or full premium
80 to 89 points	75% of full cost or full premium
70 to 79 points	50% of full cost or full premium
60 to 69 points	25% of full cost or full premium
Less than 60 points	25% of employee portion of cost or employee portion of premium (0% of dependent cost or premium)

If you are subject to the provisions of this section and have accumulated *less than 15 full years of membership service at your retirement date (regardless of your age)*, you are not eligible to receive payment for any hospital, surgical or medical insurance coverage.

Dental/Vision Coverage

Beginning in 2001, the CRS began offering dental and vision benefits to retirees. The CRS will contribute as much as \$1,000 per year for dental benefits and \$100 per year for vision benefits for each retiree and their dependents.

You are responsible for paying deductibles and various co-pays depending on the types of services received. Please contact the retirement office for more detailed information on the dental and vision insurance benefit.

How to Claim Benefits

If You are Ready to Retire

About two months before you retire, you will need to apply for your benefits by contacting the Retirement Office:

City of Cincinnati Retirement System
801 Plum Street
City Hall, Room 240
Cincinnati, Ohio 45202
(513) 352-3227

The Retirement Office staff will help you fill out the forms you need. The forms are then processed and you should receive your first payment from the System approximately 1 ¹/₂ months following your retirement date. Subsequent payments are made the first of each month.

If You Die

Your beneficiary should contact the Retirement Office. He or she will need to provide certain information so the Retirement Office staff can begin processing any benefits.

If You Become Disabled

If you become disabled, you will need to fill out an application for disability benefits at the Retirement Office. You may bring your medical records with you. The Board of Trustees will review your case and will require you to be examined by a Retirement System doctor. You will also be referred to the Americans with Disabilities Act (ADA) Coordinator and the City's Return to Work Coordinator. The Board of Trustees will notify you of its decision.

To Appeal a Decision

The Board of Trustees interprets the plan, determines who is eligible to receive benefits and approves payment of benefits. The Board of Trustees also makes all determinations as to the disability status of any employee or retiree for City retirement benefit purposes.

If you wish to appeal a decision made by the Board of Trustees, you may request a hearing by writing to the Board of Trustees.

If You Leave Your Job with the City Before Retirement

If you stop working for the City before you retire, you have certain options:

Refund of Your Contributions

If your employment with the City ends for any reason, you are entitled to a refund of your own contributions with interest at 2% for funds held for one year or more. In accordance with federal law, 20% of the taxable portion of the refund will be withheld for taxes, unless you request a direct transfer to an Individual Retirement Account (IRA) or another qualified retirement plan. Any unpaid loan balance will be deducted from the refund and is subject to the 20% tax.

Deferred Retirement

If you have five years of service and you leave City service, you may choose to leave your money in the System. When you reach age 60, you will be eligible to begin receiving your retirement benefit from the System.

In order to take advantage of this deferred retirement option, you must:

- 1) Apply for deferred retirement within one year of your termination of employment, and
- 2) Pay any outstanding loan within one year of leaving City service.

Transfer CRS Service Credit to Ohio Public Pension Plan

If you leave City service and subsequently become a member of one of the other Ohio public pension plans, you can have your service credit with the CRS transferred to the other Ohio public pension plan. The Ohio public pension plans are as follows:

- Ohio Public Employees Retirement System
- Ohio Police and Fire Pension Fund
- Ohio School Employees Retirement System
- Ohio State Teachers Retirement System
- Ohio State Highway Patrol Retirement System

If you have left your contributions on deposit with the CRS, there may be little or no cost to transfer the service credit, depending on the retirement system. If you have withdrawn your contributions from the CRS, you will be required to redeposit the amount withdrawn, plus pay interest, for the years that are being transferred.

If You Are Rehired by the City

Service Credit Repurchase

Active members of the CRS that have withdrawn contributions from prior membership in the CRS can apply to have that prior service credited to their current service credit balance. The contributions that you withdrew, plus interest, will have to be re-deposited for those years that you are requesting service credit.

If the prior service occurred before July 1, 1991, your position must have been in a full-time permanent position to be eligible for purchase of prior service. Part-time, seasonal, or co-op positions held prior to July 1, 1991 are not eligible for purchase of prior service credit. All service credit earned after July 1, 1991 or after is eligible for prior service credit.

Service Credit for Military Service Performed Prior to Membership

You may purchase retirement service credit for military service performed before enrolling in the Retirement System. You can make the purchase at any time before retirement, but you may only purchase up to three years of retirement service credit. You also have the option of purchasing all three years of military service credit at one time or in one-year increments.

You may only purchase retirement service credit for active duty as a member of the armed forces of the United States. This includes any of the following:

- Army,
- Navy,
- Air Force,
- Marine Corps,
- Coast Guard,
- Auxiliary Corps as established by Congress, or
- Member of the Army Nurse Corps, Navy Nurse Corps, or Red Cross Nurse who has served in the Army, Navy or hospital service of the United States.

Keep in mind that you may not use military service credit purchased from the Retirement System under any other retirement program except military retirement or Social Security.

If you would like to purchase retirement service credit for past military service, you must have been honorably discharged and you must provide the Retirement System with a copy of your discharge form (DD214) and complete an application form. The cost will be based upon the following:

- Number of years, months and days of military service (maximum three years),
- Retirement contribution of 6% based on the annual salary rate at the time membership in the Retirement System was established. For military service performed after January 1, 1978, the rate is 7%, and
- Interest of 4%, compounded annually, from the date of discharge to the date of payment.

Transfer of Service Credit from Ohio Public Pension Plans

Effective January 1, 2002, individuals who are active members of the CRS that have prior service with another Ohio public employees retirement system can have that service credit transferred to the CRS.

If you left your contributions on deposit with the other Ohio retirement system, there may be little or no cost to transfer the service credit. If you withdrew your contributions, there will be a cost associated with the transfer of the service credit. The contributions that you withdrew, plus interest, must be re-deposited for the years that you are requesting service credit.

If the prior service occurred before July 1, 1991, your position must have been in a full-time permanent position to be eligible for purchase of prior service. Part-time, seasonal, or co-op positions held prior to July 1, 1991 are not eligible for purchase of prior service credit. All service credit earned after July 1, 1991 or after is eligible for prior service credit.

Taxes

Federal Income Tax

Your monthly benefit may be composed of a taxable and non-taxable portion. These amounts are determined by the amount of your previously taxed contributions (if any), your age at retirement and the amount of the benefit.

If you do not have a lawyer or accountant to assist you with your federal tax return, then several months before the April 15 federal income tax due date, contact the Internal Revenue Service for assistance. You may also refer to IRS Publication 575, *Pension and Annuity Income*.

State and Local Income Taxes

State law exempts retirement income from any local tax and the state inheritance tax. Retirement income is subject to the State of Ohio Income Tax, but the retirement income credits will reduce your Ohio tax liability.

Additional Information

Assignment/Garnishment of Benefits

Your benefits from the Retirement System cannot be assigned, attached or garnished, except to comply with a federal tax lien or a court order, such as a divorce decree or a child support order. In such a case, the Retirement System is required to send up to a maximum of 60% of a monthly benefit to the court or bureau of child support. Court actions covered include divorce, dissolution, custody, paternity and domestic violence. Retirement Benefits and Refunds of Contributions are also subject to Federal Tax Levy.

For More Information. . .

If you have additional questions about the benefits available to you through the Retirement System, please call the Retirement Office at (513)-352-3227 or write to:

City of Cincinnati Retirement System
801 Plum Street
City Hall, Room 240
Cincinnati, Ohio 45202

In addition, members of the Board of Trustees can answer any questions you may have.

About This Handbook

This handbook is designed to give you information about the benefits provided by the Retirement System. It is intended only as a summary of general information and is compiled for your convenience. The Cincinnati Municipal Code Section 203 contains the actual language that governs the System.

Official System pronouncements, interpretations and/or revisions are communicated only from the Secretary of the Board of Trustees of the Retirement System. Non-official communications do not establish Retirement System policies and procedures. Nothing within this handbook can change or supersede Cincinnati Municipal Code Section 203, nor the Board Rules established by the Board of Trustees of the Retirement System. The Municipal Code may change, in which case this plan may change.